



FEDERAL ELECTION COMMISSION

WASHINGTON, D C 20463

JUN 3 0 2005

**Interactive Digital Software Association Non-Federal PAC 1
Ana Molina, Treasurer
1211 Connecticut Ave., N.W.
Suite 600
Washington, DC 20036**

RE: MUR 5665

Dear Ms. Molina:

On June 21, 2005, the Federal Election Commission found that there is reason to believe the Interactive Digital Software Association Non-Federal PAC 1 violated 2 U.S.C. §§ 441b(a), a provision of the Federal Election Campaign Act of 1971, as amended ("the Act"), and 11 C.F.R. § 102.5(b). This finding was based upon information ascertained in the normal course of carrying out its supervisory responsibilities. See 2 U.S.C. § 437g(a)(2). The Factual and Legal Analysis, which more fully explains the Commission's findings, is attached for your information.

You may submit any factual or legal materials that you believe are relevant to the Commission's consideration of this matter. Please submit such materials to the General Counsel's Office within 15 days of your receipt of this letter. Where appropriate, statements should be submitted under oath. In the absence of additional information, the Commission may find probable cause to believe that a violation has occurred.

Please note that you have a legal obligation to preserve all documents, records and materials relating to this matter until such time as you are notified that the Commission has closed its file in this matter. See 18 U.S.C. § 1519.

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Requests for extensions of time will not be routinely granted. Requests must be made in writing at least five days prior to the due date of the response and specific good cause must be demonstrated. In addition, the Office of the General Counsel ordinarily will not give extensions beyond 20 days.

If you intend to be represented by counsel in this matter, please advise the Commission by completing the enclosed form stating the name, address, and telephone number of such counsel, and authorizing such counsel to receive any notifications and other communications from the Commission.

This matter will remain confidential in accordance with 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A), unless you notify the Commission in writing that you wish the investigation to be made public.

For your information, we have attached a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Lela Scott, the attorney assigned to this matter, at (202) 694-1650.

Sincerely,



Scott E. Thomas
Chairman

Enclosures
Factual and Legal Analysis

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**FEDERAL ELECTION COMMISSION
FACTUAL AND LEGAL ANALYSIS**

RESPONDENT: Interactive Digital Software
Association Non-Federal PAC 1

MUR: 5665

I. INTRODUCTION

This matter was initiated by the Federal Election Commission ("Commission"), pursuant to information ascertained in the normal course of carrying out its supervisory responsibilities indicating that the Interactive Digital Software Association PAC ("IDSA PAC") may have contributed \$2,500 to Take Back the House (a.k.a. Democratic Majority), a registered political committee, while lacking sufficient federal funds to make the contribution.

II. FACTUAL AND LEGAL ANALYSIS

Take Back the House accepted a \$2,500 contribution from IDSA PAC in May 2002.¹ This nonfederal committee filed with the Internal Revenue Service as a Section 527 organization and appears to have been registered as a nonfederal political committee with the Virginia State Board of Elections. Under Commission regulations, organizations that are not political committees under the Act may make contributions to federal committees, but they must be able to demonstrate through reasonable accounting methods that any contribution to a federal committee was made with funds raised subject to the limitations and prohibitions of the Act. *See* 11 C.F.R. § 102.5(b)(1).

According to disclosure reports filed with the IRS, all of the IDSA-PAC's receipts in 2002 were comprised of "dues" from its member trade associations, all of which are for-profit

¹ IDSA-PAC received termination approval from the Commission in August 2000 and had not re-registered with the Commission at the time that the contribution to Take Back the House was made.

1 corporations. The large round numbers reported for these dues, such as \$100,000, suggests that
2 they may have come directly from the general treasury of member corporations, rather than an
3 aggregate of small contributions from individual donors.² Therefore, there is reason to believe
4 that the Interactive Digital Software Association PAC, now known as the Interactive Digital
5 Software Association Non-Federal PAC 1,³ violated 2 U.S.C. § 441b(a) and 11 C.F.R. § 102.5(b)
6 by making a \$2,500 contribution to Take Back the House with impermissible funds.

² Small contributions from individual donors aggregating within the applicable contribution limits set forth in 2 U.S.C. § 441a(a) would indicate that IDSA-PAC had sufficient federal funds to make the contribution to Take Back the House.

³ In 2003, IDSA-PAC changed its name to Interactive Digital Software Association Non-Federal PAC 1.